

Message Text

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ACTION EUR-25

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AMEMBASSY VIENNA

USNMR SHAPE

C O N F I D E N T I A L USNATO 4599

E.O. 11652: GDS79

TAGS: PARM, MCAP, NATO

SUBJECT: MBFR-NATO COST SHARING OF AD HOC GROUP OFFICE IN VIENNA

REF: A. USNATO 4526

B. USNATO 4520

C. USNATO 4449

D. USNATO 4423

BEGIN SUMMARY. BUDGETARY ASPECTS GROUP FAILED TO REACH CONSENSUS ON ANY OF THE SIX COST SHARING FORMULAE PROPOSED IN MAG/WP/3 (REPORTED DEPARTMENT REF D). GROUP AGREED TO FURTHER DEVELOP THREE COMPROMISES PUT FORWARD DURING MEETING FOR FURTHER STUDY ON MONDAY, OCTOBER 1. ACTION REQUESTED: WASHINGTON GUIDANCE ON MAXIMUM PERCENTAGE MISSION ANY ACCEPT IN REACHING COMPROMISE COST SHARING FORMULA. END SUMMARY.

1. AT START OF MEETING OF BUDGETARY ASPECTS GROUP, CHAIRMAN ANDRESEN NOTED THAT INTERNATIONAL STAFF HAD CIRCULATED NEW PROPOSAL REDUCING PERSONNEL ESTABLISHMENT REQUIRED IN VIENNA BY FIVE GUARDS AND ONE B-5 ADMINISTRATOR, AND LIMITING THE CONFIDENTIAL

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REQUIREMENT FOR AN A-4 ADMINISTRATOR TO THE FIRST SIX-MONTH PERIOD. INTERNATIONAL STAFF FURTHER NOTED THAT CHANGES IN COSTS FOR OFFICE PREMISES AND FOR PERSONNEL NOW REDUCED FIGURES GIVEN IN MAG/WP/4 (REPEATED DEPARTMENT REF D) BY BF 5 MILLION TO BF

20 MILLION, EXCLUDING FURNITURE AND OTHER SPECIAL REQUIREMENTS. IT WAS ESTIMATED THAT AT LEAST BF 5 MILLION OF THE BF 20 MILLION WOULD BE REIMBURSED THROUGH CIVIL BUDGET COMMITTEE, MILITARY BUDGET COMMITTEE, OR DELEGATIONS, THUS LIMITING BUDGET FOR THE AD HOC GROUP TO BF 15 MILLION ANNUALLY PLUS ONE-TIME EXPENDITURE FOR EQUIPPING BUILDING.

2. US REP SUGGESTED THAT DELEGATIONS COULD NOW CONCENTRATE ON ACCEPTING ONE OF THE COST SHARING PROPOSALS IN COLUMNS D AND E OF MAG/WP/3 SINCE COSTS WERE REFINED TO A RELATIVELY SMALL ANNUAL TOTAL (SOME \$400,000). HE WENT ON TO EXPLAIN THAT US POSITION FAVORING EQUAL SHARES (COL D) WAS BASED ON FACT THAT EXPENDITURES WERE FOR THE BENEFIT OF THE 13-NATION GROUP, THE MEMBERS OF WHICH HAPPENED TO BE ALSO MEMBERS OF NATO. SINCE THEIR INVOLVEMENT IN THE NEGOTIATIONS WAS NOT A NATO FUNCTION, A NEW BUDGET HAD TO BE EVOLVED AND THERE WAS NO GOOD REASON WHY IT SHOULD BE BASED ON ANY OF THE EXISTING NATO COST SHARING FORMULAE, WHICH FOR THE LATER BUDGETS HAD BEEN FORMULATED WITH CONSIDERATION FOR NATIONS' ABILITY TO PAY.

3. LED BY BELGIAN REP, MOST OF THE SMALLER CONTRIBUTORS OPPOSED THE US POSITION, AND INSISTED THAT AD HOC GROUP SHOULD BE COVERED UNDER AN ADAPTATION OF NATO MILITARY OR CIVIL BUDGET FORMULAE. WHILE ARGUMENTS DIFFERED, THE REASONS APPEARED TO BE CLEARLY THE INCREASES OF THEIR PERCENTAGE CONTRIBUTIONS UNDER THE US-PROPOSED COST SHARING FORMULA. UK AND GERMANY INDICATED THAT THEY FAVORED THE US APPROACH BUT COULD ACCEPT THE MAJORITY VIEW QTE TO GET ON WITH THE WORK UNQTE. ITALIAN REP INSISTED ON AN ADAPTATION OF THE US PROPOSAL WHICH WOULD ACCORD EQUAL SHARES TO THE SEVEN PRINCIPAL PARTICIPANTS AND TO THE NORTHERN AND SOUTHERN GROUPS OF NON-PARTICIPANTS (COL E.II.), PROBABLY ALSO BECAUSE THIS SOLUTION PROVIDED THE LOWEST ITALIAN SHARE.

4. IN VIEW OF THE IMPOSSIBILITY OF ACHIEVING CONSENSUS ON ANY OF THE SIX PROPOSAL IN MAG/SP/3, VARIOUS COMPROMISES EMERGED. ITALIAN REP SUGGESTED THAT SOLUTION MIGHT BE FOUND IN CONFIDENTIAL

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REDUCTING NATIONS HAVING FULL SHARE TO CANADA, FRG, UK AND US, WITH OTHER NINE NATIONS SPLITTING EQUALLY THREE SHARES. THUS, FOUR NATIONS WOULD CONTRIBUTE 14.3 PCT EACH AND NINE NATIONS 4.8 PCT EACH. US REP SUGGESTED THAT SEVEN PARTICIPATING NATIONS MIGHT BE PERSUADED TO PAY 10 PCT EACH, AND SIX NON-PARTICIPATING NATIONS, 5 PCT EACH. BOTH OF THESE COMPROMISES WERE REJECTED BY MOST OTHER NATIONS (EXCLUDEING UK AND FRG) ON BASIS THAT THEY WOULD BE UNACCEPTABLE TO LUXEMBOURG, WHICH HAD NO REPRESENTATION AT THE MEETING.

5. CANADIAN REP SUGGESTED THAT IN VIEW OF STRONG US POSITION ON CUTTING ITS SHARE, AND RESISTANCE BY SMALLER CONTRIBUTING NATIONS TO MAJOR INCREASE IN THEIR SHARES, THAT AN

ACCEPTABLE FORMULA MIGHT BE FOUND BASED ON AVERAGE OF THE MODIFIED CIVIL BUDGET SHARES FROM COL B OF MAG/WP/3 AND THE 14.3 PCT-4.8 PCT COMPROMISE OUTLINED ABOVE. THIS WOULD ESTABLISH THE US SHARE AT 21.75 PCT. PROPOSAL FOUND SOME FAVOR IN SEVERAL DELEGATIONS. US REP, WITH ITALIAN SUPPORT, SUGGESTED, HOWEVER, THAT IT WAS NOT REASONABLE TO ASK US AUTHORITIES TO APPROVE A CONTRIBUTION ALMOST TRIPLE THAT WHICH THEY HAD PROPOSED.

6. NETHERLANDS REP, IN INTEREST OF ACHIEVING SPEEDY SOLUTION, SUGGESTED THAT NEW FORMULA MIGHT BE ESTABLISHED BASED ON NEITHER EQUAL PARTICIPATION NOR ANY EXISTING NATO FORMULA, WHEREBY US, UK, AND FRG WOULD CONTRIBUTE 16 PCT EACH, CANADA 13 PCT, BENELUX 5 PCT EACH, AND FLANK NATIONS 4 PCT EACH. SEVERAL SMALLER NATIONS OPPOSED PROPOSAL BECAUSE QTE LUXEMBOURG WOULD NEVER APPROVE IT UNQTE. US REP SUGGESTED THAT BENELUX NATIONS MIGHT DECIDE AMONG THEMSELVES HOW TO DIVIDE THEIR TOTAL OF 15 PCT, THUS RELIEVING THE LUXUMBOURG PROBLEM. HE ALSO NOTED THAT 15 PCT WAS ONLY SOME \$60.000 PER YEAR.

7. IT WAS DECIDED THAT REPRESENTATIVES WOULD CONTACT THEIR AUTHORITIES IN AN EFFORT TO ACHIEVE CONSENSUS ON EITHER THE ITALIAN PROPOSAL (14.3-4.8 PCT), THE CANADIAN PROPOSAL (WHICH RESULTS IN 21.75 PCT US SHARE), OR THE NETHERLANDS PROPOSAL IN PARA 6 ABOVE. IT WAS ALSO AGREED THAT NONE OF THESE PROPOSALS WOULD BE IDENTIFIED WITH NATIONS SINCE THEY HAD BEEN PUT FORWARD ON A PERSONAL BASIS. GROUP WILL MEET AGAIN ON MONDAY, OCTOBER 1, IN AN ATTEMPT TO REACH CONFIDENTIAL

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CONSENSUS. REQUEST WASHINGTON GUIDANCE.

8. MISSION COMMENT. IT APPEARS THAT SOME AD HOC FORMULA MAY BE ESTABLISHED WHICH WOULD REQUIRE A US SHARE OF FROM 15-20 PCT. MISSION WOULD PREFER THE LOWER END OF THIS RANGE IN THAT IT WOULD NOT INHIBIT ANY LATER ATTEMPTS IN THE BURDEN SHARING EXERCISE TO REDUCE CURRENT US SHARES OF MILITARY OR CIVIL BUDGETS. SEVERAL OTHER NATIONS WOULD PREFER THE US TO BE AT HIGH END OF THE RANGE POSSIBLY FOR THE OPPOSITE REASON. END COMMENT.
RUMSFELD

CONFIDENTIAL

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